

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** August 17, 2009  
**POSITION:** Oppose  
**SPONSOR:** California Labor Federation

**BILL NUMBER:** AB 483  
**AUTHOR:** J. Buchanan

### **BILL SUMMARY:** Workers' Compensation: Internet Web Sites

This bill would require the Workers' Compensation Insurance Rating Bureau (WCIRB) to establish and maintain a website for purposes of assisting any person to determine whether an employer is insured for workers' compensation. This bill would also require the Insurance Commissioner to issue report on the efficacy of the website and to adopt regulations pertaining to website content.

### **FISCAL SUMMARY**

The Department of Insurance estimates that the cost of promulgating regulations would be minor and absorbable.

The Division of Workers' Compensation within the Department of Industrial Relations (DIR) does not anticipate an increase in costs.

The WCIRB estimates that creation of the website would cost between \$400,000 and \$600,000. It is estimated that ongoing maintenance costs would be approximately \$40,000 annually. The WCIRB is funded through assessments on Workers' Compensation Insurers in the state. It is likely that the increased costs for this website would be added to the insurers' assessments, which would then likely be passed on to policy holders, i.e., California employers.

### **SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the June 25<sup>th</sup> version are minor and do not alter our position.

- This bill now limits website queries to information available within the last five years.
- This bill now provides the WCIRB one year after the adoption of regulations to get the website operational, as opposed to the 180 days provided in the previous version of the bill.

### **COMMENTS**

The Department of Finance is opposed to this bill because the information would be available to the public, free of charge, through the website of a rating agency that derives its funding from assessments on employers and will likely increase the cost to employers. We also note the concern that the bill does not provide any specified timing in which the information must be updated, potentially leading to inaccurate information on the website.

The sponsor contends that providing publicly accessible information on employers' workers compensation coverage will help injured workers, medical providers, employers, and state enforcement agencies detect and prevent fraud in the system. This bill is very similar to AB 507 of 2007, which was vetoed by the Governor because the effective date of the policy was not included and no specified timing was provided for information updates, which could potentially lead to inaccurate information being provided.

Analyst/Principal (0241) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
--	------	--------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
---------------	-----------------------------

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

J. Buchanan

August 17, 2009

AB 483

Every insurer of workers' compensation must be a member of a rating agency. The WCIRB, the only rating agency in the state, is already required to maintain records reported by member insurance companies about policyholder losses, data, statistics, and other information in its capacity as the Insurance Commissioner's statistical agent for all insurers in the state. The WCIRB, under existing law, may provide information relating to workers' compensation insurance to the public for a fee. The WCIRB is also required to provide to DIR any information that would assist in identifying employers who fail to secure adequate workers' compensation insurance.

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							
Type	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Fund Code
0845/Insurance	SO	No		-----	See Fiscal Summary	-----			0223
<u>Fund Code</u>	<u>Title</u>								
0223	Workers' Comp Administration Revolv Fund								